

FOREWORD



WHAT is the Eastern States Farmers' Exchange?—It is a non-stock, non-profit co-operative purchasing association, owned and controlled by the eastern farmers it serves. Many thousands of these farmers will speak freely of what the Exchange means to them, in terms of what it has done and is doing for them. Hundreds have been served by this organization every year since its modest beginnings in 1918.

Thousands more have bought their feeds and fertilizers, seeds and spray materials through it in the last few years, until its purchases over the period of six years aggregate one quarter of a million tons, with a wholesale value of twelve and a half million dollars.

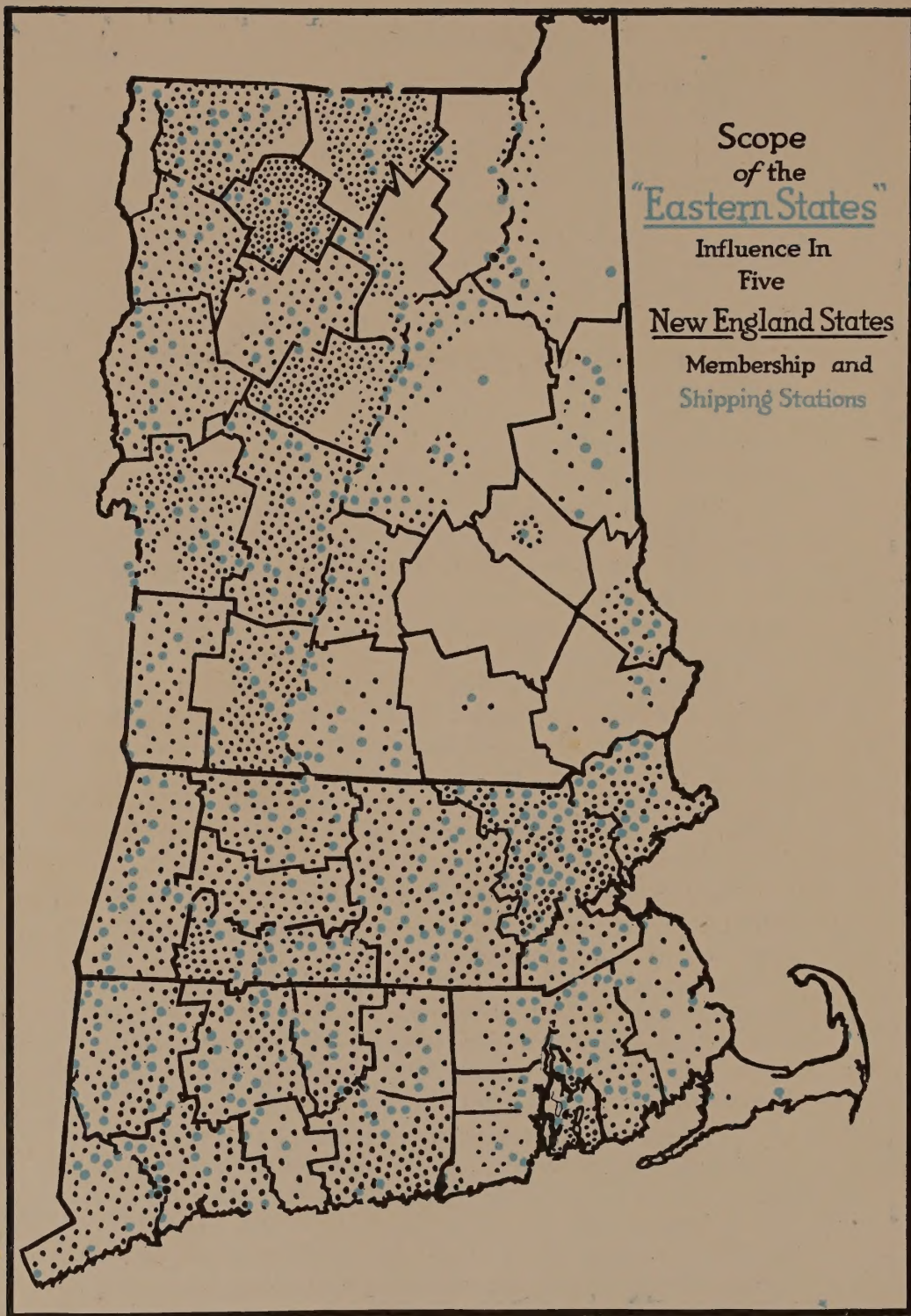
Many of these active purchasers, numbering more than 12,500, who automatically own and control the Exchange, can tell of very appreciable direct savings made on supplies efficiently distributed to them by their organization; and of indirect but none the less tangible economies effected in general price-schedules by virtue of Exchange "competition." They can in many cases tell of the regeneration of their community's agricultural prosperity, through having its farming business placed for the first time on a par with great industries in the ability to purchase the "raw materials" of agriculture at wholesale, instead of at retail as always heretofore.

Many Eastern States farmers bear witness to improved feeding practices and cropping methods growing out of the recommendations of the Exchange. Many testify to increased milk-and-egg-production, heavier crop yields, higher crop-values—resulting from the use of the better feeds, more efficient fertilizers, higher quality seeds, and purer spray materials distributed under the "Eastern States" brand.

Thousands can tell of these benefits as a result of their own experience. There are many thousands more who would join in their experience, but who are yet to be told and yet to be shown the way. It is primarily for those others that this booklet is prepared. You, perhaps better informed than others in your community on the history and growth and scope of the Exchange, will be rendering a distinct service if, after reading these pages through, you will pass the booklet on to your neighbor.

Springfield, Massachusetts

March 20, 1924



Each blue dot represents a freight station regularly receiving "Eastern States" consignments during 1923. The smaller black dots each represent five Exchange members, receiving "Eastern States" shipments at the nearest station.

In 1923 nearly 100,000 tons of feed, grain, fertilizer, seeds and spray materials were distributed to 12,500 farmers at the 428 stations represented above, and at numerous others in Maine and Delaware, not shown here.

"-by the farmer himself-"

A "simple and direct method" of self-aid to agriculture; how it originated, grew, and prospered



REAT INSTITUTIONS are the accumulation of years, rather than the outgrowth of a momentary event. To trace the origin of the Eastern States Farmers' Exchange, one must look back over more than a decade.

In 1911, it was already apparent that New England's agriculture was "falling off." While population had increased 65% since 1880, the area of improved land under cultivation had decreased 50% in the same period. (The census of 1920 showed a still further increase in population to 85% beyond that of 1880, and improved acreage dwindling to 54% under that of forty years before.) Of course, most of this land was producing with greater efficiency than formerly. But agricultural production was, nevertheless, lagging further and further behind the consumption of agricultural products, until in 1920 more than 75% of New England's food requirements were imported from outside, at a cost of about half a billion dollars annually.

It was evident that this potential market for agricultural products would be better met by local production were eastern agriculture on a more profitable basis. The very fact that New England had to import so heavily from outside indicated that local farming was unpopular because it was unprofitable. Farming, no less than any other industry, locates where it can best prosper. New England farming was not prosperous, so it ignored the home market and went west.



FIGHTING THE AGRICULTURAL DECLINE OF THE EAST

INCIDENTALLY, New England suffered industrially from the agricultural decline. The necessity of importing a growing volume of its food supplies raised living costs, which in turn raised living wages. Manufacturers, thus penalized, in many cases found it to their advantage to move their industries westward in the wake of the departing agricultural prosperity. This industrial decline in turn reacted further on agriculture, for it not only curtailed the best markets for eastern farmers, but forced them to pay more for manufactured products formerly made close by, and now imported from the booming west. The thing became a circle, declining agriculture reacting on industry, and declining industry reacting on agriculture.

The first organized attempt to thwart this "falling off" of industry and agriculture alike, the first real "Eastern States" movement, came in 1911, when farmers and business men of Hampden County, Mass., organized the Hampden County Improvement League, "to bring city and country closer together." In 1916, the first Eastern States Agricultural and Industrial Exposition was held at Springfield, for much the same purpose. To furnish the Exposition (which since has grown into the most notable institution of its kind in the East) with a field department to carry on its work throughout the year, the Eastern States Agricultural and Industrial League was formed. The League's program was three-fold: through its Junior Achievement Bureau, to create in the rising generation a zest for efficient work; through its Home Bureau, to aid house-wives and home-makers in a more intelligent utilization of the products of farm and factory; and through its Market Bureau, to assist in the building up of agriculture by encouraging organization, cooperation, and more effective methods and principles in the business of farming.

Out of this Market Bureau grew the Eastern States Farmers' Exchange, incorporated in 1918 to serve as a purchasing and distributing agency for the eastern farmer, supplying him with his most important raw materials at wholesale. For it was seen that improved methods of production and marketing would still be of little avail in upbuilding agricultural prosperity, so long as the individual farmer continued at the mercy of the old retail system, with its haphazard, indirect, and often inefficient methods of purchase and distribution.



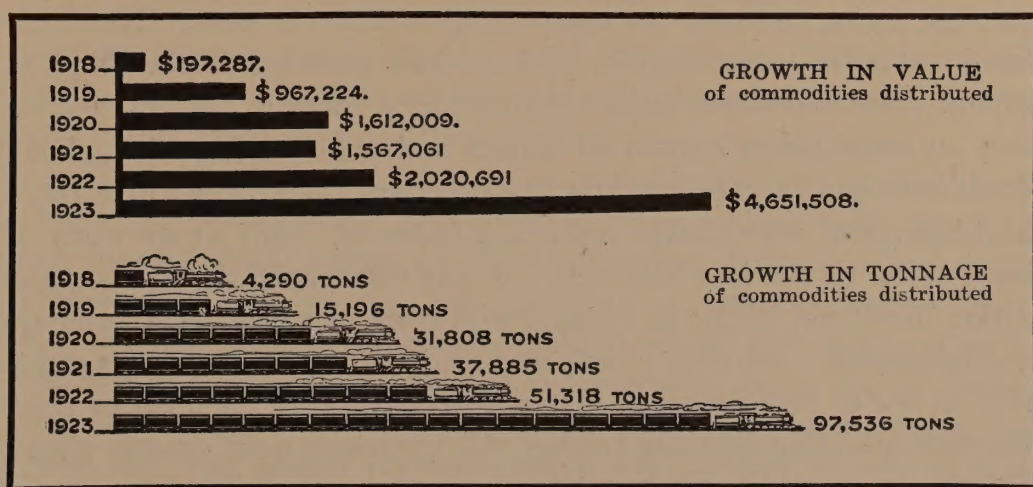
Growth of the Exchange



STARTING from a standstill, the Exchange handled in 1918 a very modest amount of business. The volume and value of commodities purchased for eastern farmers throughout that first year, as a matter of fact, would hardly equal a single week of the Exchange's present business. There was little in those early days to forecast the remarkable growth that was to come, save the promise afforded by the sincerity and common sense of farmers and business men who were administering the affairs of the young organization.

In 1919, that first year's volume was multiplied by five, in 1920 by seven, in 1921 by eleven, and in 1922 by fifteen. The most remarkable growth of all was made in 1923, when the previous year's business was more than doubled, with thirty-three times as many carloads as in the first year, valued at twenty-five times as much. Every working day of 1923 saw an average of 15 carloads of commodities distributed by the Exchange, with an average wholesale value of \$16,500 daily. Every working day during 1923 saw, too, an average of 22 new members joining the Exchange.

As the volume of business has increased, the unit cost of handling has decreased. In 1922, the "overhead" of the Exchange amounted to 2.97%; in 1923 costs were still further lowered to the remarkable figure of 2.53%. With membership and volume steadily increasing, it seems inevitable that even these extremely reasonable costs will be further decreased.



The Bases of this Growth



ANY COOPERATIVES are organized—but comparatively few survive. Time and time again, a spark of cooperation flares up in a community, blazes for a brief moment, and then dies out. This high rate of “mortality” among co-operatives is one of the chief talking points of those who are suspicious of a cooperative movement, or those who are unwilling to see cooperation succeed in their field.

The immediate success of a new cooperative seems to be no guarantee as to its continued prosperity; as a matter of fact, those which meet the most difficulty in their beginnings are usually the ones which ultimately succeed; those which flourish most conspicuously at the start are often the ones to fail. A growing boy often becomes stronger on hard knocks than he ever could have on pampered prosperity. Cooperation works in much the same way, for cooperation is young, and very human. It thrives on adversity.

Ultimate success in cooperation is usually a question of *healthy* growth. In measuring the success of this Exchange, now that it is past the crucial period of formative years, one must examine the *health* and *soundness* of the growth which those years brought. In the first place, the growth just sketched was a natural and a steady one for the Exchange. There was nothing phenomenal nor forced about it. Hundreds of other cooperatives have started out with far more blaring of trumpets and trappings of success,—and then perished through trying to make too many things succeed at once. Hundreds have had a far more tangible hold on their members in the shape of capital stock sold to the farmer-shareholder,—often to find this ownership an unnecessary burden on farmer and organization alike. Hundreds have had far more to show those members and the world at large, in the shape of warehouses, mills, and factories,—only to see many of these assets turned into liabilities. It was determined that this organization should not saddle its farmers with stock, nor itself with buildings and equipment. Starting quietly and modestly, concentrating its attention on one or two staples at first and perfecting the handling of those few before adding anything further, the Exchange went steadily ahead, substituting caution and foresightedness for mere enthusiasm.





Executives of farmer cooperative organizations of New York, Pennsylvania, Indiana, and Ohio, meeting with officers of the Eastern States Farmers' Exchange in Springfield during Exposition Week, to discuss plans for feed and fertilizer pools.



SINCE the need for such an organization as this was apparent, its growth to fill the need was therefore the most natural thing that could have happened. There was no stock to be sold, and it was, therefore, unnecessary to work the farmer up to the point of investing his money in the capitalization of what was none the less to be his own organization. He was not even urged unduly to participate in its benefits by purchasing his requirements through it. With nothing to risk, and so much apparently to gain, there was no room for coercive methods—it was left rather to the individual farmer's common-sense to show him the way. And "common sense" has always proved a good leader.

The soul of "Eastern States" success has been common-sense. Here, from time immemorial, the farming industry had been conducted in a manner unique among all other industries; the farmer had always been compelled to buy his "raw materials" at retail, regardless of the fact that his product was usually sold at wholesale. What other industry ever expected or even *tried* to succeed on such a basis? Surely, it was common-sense to apply to the farmer's business the same principles that had always regulated the prosperity and success of other industries.



APPLYING PRINCIPLES OF BIG BUSINESS TO FARMING



SUCCESSFUL APPLICATION of those principles in this case can be credited largely to the practical experience of representative and successful farmers, combined with the sound counsel of successful bankers and manufacturers and business men. It can be credited to their wisdom in enlisting the services of other men well qualified to guide the business affairs of the Exchange, at no sacrifice to its high and unselfish ideals. And it can be credited to the confidence and cooperation of the farmers themselves, whose own organization this is, and who were determined to give their organization a breadth of interest by making it serve the interests of all fellow-farmers, large and small alike.

The affairs of the Exchange have been conducted in such a business-like manner as to command the highest respect from bankers, manufacturers, importers, and all others with whom the organization might have dealings. Throughout its six years of existence, some of them very trying business years, the Exchange has never failed to fulfil any contract undertaken. Nor has one of its constituency ever seen fit to contest a line of any contract made with the Exchange. To the organization, this fact is a source of much satisfaction; to bankers and the trade it is a constant reassurance.

Every farmer, every group or association of farmers, has been treated to a full knowledge of the affairs of the Exchange, and has made free show of a real confidence in its methods of operation. This confidence has meant supporting the Exchange in its policy of buying only the highest grades of a commodity; in its belief that economy is frequently not obtained so much in lower prices as in higher quality. Through the practical aid of the farmers' confidence, the Exchange has been able to buy this quality in such volume as to effect unusual economies in price. It has effected further economies by its methods of local distribution, which provide for volume shipment, car-door delivery, and cash payment. It has given the farmer service as his own purchasing agency, and not as a dealer with a product and a service to sell. It has retained the confidence of its purchasers, and its own confidence in itself, through buying only on order, and thus eliminating speculation.



COMMON SENSE, CONFIDENCE, AND CO-OPERATION



APPRECIATION of the Exchange has been forthcoming from eastern agriculture at large, for its valuable service in investigating feeding and soiling practices, disseminating information on the better ones, urging and then making possible the actual practice of its recommendations. The introduction of feeds manufactured and sold under open formulae, and the elimination of fillers and inert material from fertilizers, have won the gratitude of agriculturists and agricultural institutions alike. Such disinterested service has attracted the cooperation of every active agency concerned in the welfare of the farmer, throughout the territory reached by the Exchange.

With all these factors waging in its favor, it is not surprising that the Exchange has grown greatly in these six years. We feel that it has been a healthy growth, that the organization will grow larger and stronger. For its future will be based on the same factors as its past—on Common-Sense, and Confidence, and Cooperation.

*General view of Exchange headquarters at Springfield.
This office has handled as high as 50 carloads of business
daily, with efficiency and dispatch.*



How the Exchange Works

O BETTER INSIGHT into Exchange methods is available than that afforded by a study of the Eastern States 1923 Feed Pool, which in procedure and results was typical of the organization's undertakings. As it is generally known, the pool method of purchasing provides for volume buying, on a favorable market, in anticipation of later needs and for later delivery, at a time when the market will supposedly be higher. As early as 1920, the Exchange was applying the pool system to winter fertilizer sales for spring delivery. The fertilizer pool at once met with such success that it has been used every winter since then, with ever-increasing popularity. In 1922 and 1923, the Eastern States Fertilizer Pools became particularly notable through being the vehicle for sale of the now famous "no-filler" fertilizer mixtures.

In the spring of 1922, it was felt that the pool system, which had proven itself of such value in the purchase of fertilizers, might be no less of an advantage in the buying of dairy feeds. It was also thought to be a convenient way of placing before the farmer-public the new Eastern States Open Formula Feeds, based on formulae which had been determined upon by feeding experts of the eastern Agricultural Colleges in attendance at a special conference called by the Exchange at Springfield in May, 1922.

These new rations, offered in the first feed pool that summer, in six weeks' time sold to the extent of 33,000 tons. They were distributed to 4,452 farmers and fed out during the fall and winter. They met with complete approval in this first test period, and hundreds of very favorable testimonials were received from those feeding them. Many reported startling increases in milk-production, and all joined in the belief that they had made a substantial monetary saving in purchasing their feeds through the medium of the pool. Savings estimated by these feeders ranged from \$5 to \$18 per ton, with the average saving about \$10 per ton.

As a consequence of this remarkable showing, it was decided to repeat the feed pool in the summer of 1923, offering again two of the original three dairy rations, and adding to them a new fitting ration and egg mash.



ON JUNE 2, 1923, some twenty salesmen started out from Springfield to "sell" the 1923 Feed Pool all over New England. They cooperated with the local Eastern States representative or agent in calling on individual farmers and securing their orders. Each purchaser signed a contract to accept his feed in six equal monthly installments during the fall and winter, at a price later to be fixed by the Exchange, and agreeing to pay cash at the car door on arrival of each shipment.

Embodied in the contract was a non-interest-bearing note, to the amount of \$10 for each ton of feed ordered, this note to be automatically cancelled on completion of the contract the following spring. The note was required from every purchaser, to furnish the Exchange with collateral for the necessary loan to finance its purchases on the feed and grain market.

Simultaneously, the feed pool was conducted in Delaware. When it ended late in July, it was found to have nearly trebled the previous year's pool record, both in tonnage and number of farmers participating—a total of 91,719 tons having been contracted for by 11,327 farmers. This represented the largest single order ever entered in the annals of the feed trade—some 4,500 carloads.

Feeding authorities from six leading agricultural colleges of the East who met with Exchange leaders at Springfield in May 1922, to originate what are now the most widely used feed formulae in the country—the Eastern States Open Formula Rations.



VOLUME BUYING AND WHAT IT MEANS TO ECONOMY



GOOD IDEA of the magnitude of the proposition can be obtained from a study of the figures on the acreage required to produce the ingredients for this feed—approximately 300,000 acres of corn, 150,000 acres of wheat, 15,000 of oats, 150,000 of cotton, 60,000 of flax, 15,784 of peanuts, etc. This acreage combined would almost equal the improved land in New Hampshire or Connecticut, and would considerably exceed the whole area of Rhode Island.

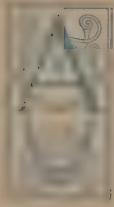
As soon as the Exchange had completed its purchases of the necessary ingredients, the pool prices were made public. These prices compared very favorably then, and throughout the subsequent winter, with current feed price-schedules. There were many reasons for a less favorable comparison: an element in the feed trade was determined now to go to almost any lengths in order to discredit the Exchange operations, and was doing its utmost to undercut or meet Exchange prices, ready to undergo heavy temporary losses if by so doing the Exchange might be removed from the field in the future. Most Eastern States farmers realized this, and when measuring the Exchange prices alongside those of the trade, speculated on what the latter might have been were the Exchange competition removed.

On the other hand, there were good reasons for the Exchange prices being regarded with favor by the purchaser. Few feed manufacturers can send their salesmen into the field at less "sales expense" than \$2 for every ton sold. The sales expense of the Exchange in its 1923 Feed Pool averaged about one-tenth of that, or 20c per ton. Again, few feed manufacturers and dealers can approach the moderate distributing costs enforced by the Exchange, whose overhead in 1923 has already been cited as 2.53%, and whose commission to local agents (for taking orders, unloading and financing the local shipments) amounts to a flat \$1.50 per ton. The Eastern States prices include none of the usual dealer's charges for storage, delivery, or credit—for the Exchange farmers take care of these services themselves. This Exchange does not contend that the "usual dealer's charges" are unreasonable—but rather that the service represented in those charges is unnecessary, wherever that service can as well as not be taken care of by the farmer himself. Were the Exchange to undertake the full service normally expected from the regular dealer, it would have to sacrifice something of the attractiveness of its prices or else the attractiveness of its quality.

SHIPPING FEEDS IN SPECIAL SOLID TRAINLOADS



Freight officials of sixteen highly competitive railroad systems of East and West, meeting with cooperative executives at Cleveland in June, 1923, at invitation of the Exchange, to confer on system for solid trainload shipment of feeds.

 SOON AS pool sales were completed, the western mill started production of the feeds ordered, and the first of the six monthly shipments moved eastward in September. The 4,500 carload total meant that 750 cars must be shipped every month, or 180 cars per week, from September through February. This entailed a production at the mill of 30 carloads or 600 tons every working day.

As a result of the conference between freight officials of all connecting railroads, called by the Exchange at Cleveland in August, an exceptionally fast freight service was secured for these feed shipments. They were moved out from the mill in special solid trainloads, a train of from 50 to 60 cars leaving the mill every other working day, and travelling direct to the New England freight gateways, without the troublesome delays usually experienced in the side-tracking, switching, and re-routing of individual carloads. Under the train-load method of shipment, the average time in transit between mill and destination was lowered from the 27 days average required in the winter of 1922-23, to a 6-day average for the winter of 1923-24.



DIRECT FROM MANUFACTURER TO CONSUMER

TRAINLOAD SHIPMENT of feeds has proven as popular with the railroads as with the farmer. For the roads, it ties up less rolling stock for a shorter time, and allows a faster "turnover" of cars and locomotives. On the farmer's end, while it does not save him freight below the ordinary carlot rates, it nevertheless brings through his feed on time, enabling him to order out his feed requirements more accurately and at less time in advance than formerly. With both carrier and consignee favorably inclined, it seems certain that the trainload system will be retained in future pool shipments of feed, as well as of fertilizers; that as time goes on the system will be elaborated and perfected to function even more efficiently than it does now.

In order to suggest the way in which the last link in the chain of Eastern States distribution operates, it might be well to sketch what happens to these shipments on their arrival at destination. The local Eastern States agent, who in most cases is himself a large user of Eastern States products, notifies his farmers of the arrival of the carload assortment they had ordered out a short time before, and tells them when it is to be unloaded.

Unloading Eastern States Pool feeds at Stepney Depot, Conn. This car was one of the five carloads received as first monthly installment in 1923 Feed Pool shipments to Fairfield County farmers.



Page Twenty

SERVING THE INTERESTS OF EXCHANGE MEMBERS



HE PAYS the arrival draft at the local bank, which releases the bill of lading, and the freight agent releases the car. As the individual farmers drive up to the car door to get their feed, the Eastern States agent checks out their assortment, collects cash for it, and accepts their order for the next carload shipment.

This method of procedure holds for all carload business handled by the Exchange. Indeed, the entire operation of the Pool as outlined above, from contract-order through to delivery, is typical of the volume of Exchange business. A large carload business has been carried on in feeds, grains, and fertilizers at market, outside the pools. A weekly market letter goes out to hundreds of Eastern States agents and feed users, keeping them constantly in touch with the market and enabling them to take advantage of any favorable trend at once. Assortments are often ordered at market prices to fill up a pool shipment to the maximum carload. Seeds and spray materials, distributed in less than carload lots, have usually been sold at market prices, on the basis of cash-with-order, thus allowing the maximum economies in purchase. Recently the same less carlot privilege has been allowed in purchasing fertilizers, offering very favorable prices to the individual farmer who is not yet so situated as to benefit from carload purchase.

The Exchange has never jeopardized its saving to members by handicapping them with credit charges. No credit has been allowed, except in the case of fertilizer, when recently arrangements were made whereby the fertilizer buyer could secure credit until Fall by paying an additional charge of \$3.50 per ton. This charge was the minimum necessary to make the credit system self-supporting, without taxing cash purchasers, of whom the great majority of the Exchange membership is composed. Moreover, this credit charge cuts in half the charges usually assessed by commercial fertilizer companies for a similar credit service.

From the foregoing sketch of typical Exchange operations, it can be seen that the organization aims ever to function to the greatest possible advantage of its members. What success attended its efforts in the year 1923 is summarized on the following pages, in the report of the General Manager.

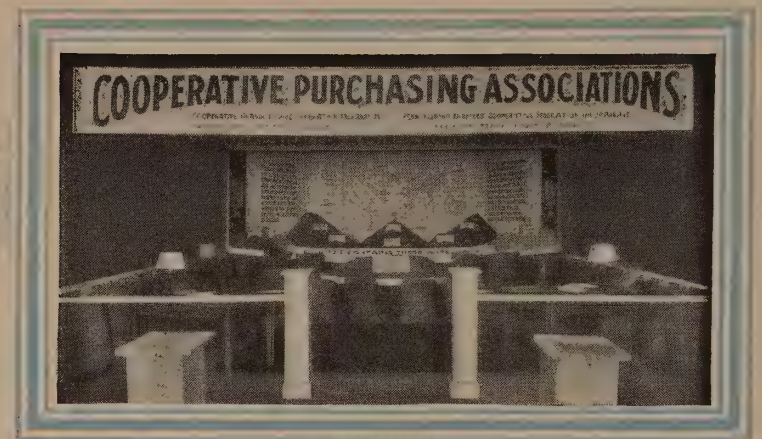




"Open Formula" exhibit at Eastern States Exposition, Springfield, Sept. 16-22, 1923. Samples of ingredients in center; proportion of ingredients in sectionalized glass jars at right.



Sales representatives gathered in Springfield before starting out on Feed Pool of 1923.



Exchange cooperating with farmer-purchasing organizations of New York, Pennsylvania and Michigan in "Open Formula Feed" exhibit at National Dairy Show, Syracuse, Oct. 5-10, 1923.



Unloading car of Eastern States Pool Feeds at Mittineague, Mass.



American Milling Company's plant at Peoria, Ill., where Eastern States Feeds are produced at rate of 600 tons per day. Total normal output over 1,000 tons daily. Storage tanks at left have 500,000 bu. capacity. Mill uses 7 miles of spur trackage, and represents million dollar investment.



Bagging automatically weighed feeds at mill before chuting to shipping floor.



Solid train load (52 cars) of pool feeds, leaving Peoria for Exchange farmers. Three such trains left the mill every week during the fall and winter of 1923.

Digest of Manager's Report

for the year 1923

as given by Howard W. Selby

General Manager

at 6th Annual Meeting, Feb. 26, 1924



ACH YEAR from the inception of the Exchange, its business has established a new record. For the year 1923, the total volume handled through the Exchange amounted to \$4,651,000, as compared with \$2,020,000 in the preceding calendar year. This gain of 130% was due to several contributing factors. In the first place, the dairy feeds originated by this organization in 1922 have become popularized, and enjoy the greatest confidence on the part of the eastern dairy farmer. The intensive interest developed in sections previously served by the Exchange has shown substantial gain, as has the development of new territory made possible through the system of adding field men to the force of the organization. The pooling system of purchase has proven practical, and its popularity is general throughout the territory served by the organization. In the calendar year 1922, there were 4,452 farmers served through the feed pool; in the calendar year 1923, there were 11,327 farmers who filled their feed requirements by this method.

An increasingly large percentage of farmers are now realizing that the business of this Exchange is not merely one of selling them feed, fertilizers, and other farm supplies. They look at it in its true sense as their own purchasing agency, established to serve their best interests in filling their need for quality "raw materials" on an economical basis. Although many who have looked on the cooperative idea as a panacea for their economic ills, base their entire consideration on the prices at which the Exchange offers its commodities for sale, many more farmers now fully understand that in carrying out its function of aiding them in the economical purchase of their supplies, the foremost thought of the Exchange must be to furnish them products of real quality, with the best service.

Farmers who hitherto have been feeding their livestock in a somewhat hit-or-miss fashion are most appreciated of the results obtained through the high quality feeds offered through the organization.



Executive Committee of Eastern States Farmers' Exchange, with Senator Arthur Capper, farm bloc leader and author of intermediate credits act, at 6th Annual Meeting of Exchange in Springfield, Feb. 26, 1924.

E HAVE statements from hundreds of individual dairymen, advising that their herds have increased in production from 10 to 33% as the result of following the feeding practices recommended, and using the feeds distributed, by the Exchange. While price is a most important consideration, at the same time we have never sacrificed quality, nor will we ever sacrifice it, for the sake of effecting a slightly lower price.

The percentage cost of operating the Exchange has been lowered considerably in the course of the past year, as would naturally be expected with the large increase in volume of business. On the percentage basis for cost of distribution, our expenses have been reduced by one-quarter during the year 1923, as compared with 1922.

KEEPING THE EXCHANGE ON SURE AND SOUND BASES



N MATTERS of finance, the Exchange has achieved a remarkable goal. Not only has this business financed its operation without the investment of capital, but it has also repaid the loans advanced for purposes of organization. It has further paid the deficits incurred during the period of falling markets in 1920 and 1921, and moreover has accumulated a reserve in excess of \$25,000. The principal basis of credit for our business continues in the Eastern States Agricultural Trust, which was created in February, 1918, at the time that the Exchange was incorporated. We have available in credit through this Trust a sum amounting to \$103,000, against which we are borrowing at the close of 1923 only \$10,000, which was used for a working capital.

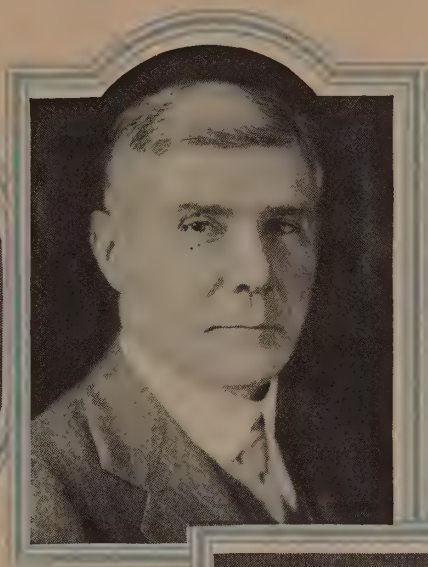
During the past year the Exchange has been in a position to borrow, on a most advantageous basis, any sum of money which its business required. In order that the facilities offered by the Federal Intermediate Credit Bank might be made available for farmers' functioning through the Eastern States Farmers' Exchange, there has been organized the Eastern States Agricultural Credit Corporation. By reason of the laws under which the Intermediate Credit Act is established, loans cannot be advanced directly to cooperative buying organizations. It is therefore necessary that such loans be procured through a cooperative banking enterprise, and hence the formation of the Credit Corporation.

Some of the achievements of the year 1923 are seen in the amendments made to our by-laws. At a special meeting of the membership held in Springfield on August 30, 1923, amendments were passed which gave complete control and direction of the organization to the 12,500 farmers who have been availing themselves of the services offered by the Exchange during the past year. To each of these members there has been issued a membership card and a copy of the by-laws. Each person who has bought through the Exchange during the past year is entitled to the full privileges of the floor in the Annual Meeting and to a vote on all matters pertaining to policies and election of directors. Provision has been made for the refund to members of any surplus which may be accumulated in the operation of the business. It is first provided that a sum of \$100,000 be established as a reserve fund.

THE MEN WHO GUIDE AND GUARD EXCHANGE POLICIES



DANIEL HOWLAND
Vice-President



S. McLEAN BUCKINGHAM
Vice-President



ROY D. HUNTER
Chairman Executive
Committee



ADELBERT A. DUNKLEE
President



HORACE A. MOSES
Member Executive
Committee Since 1918

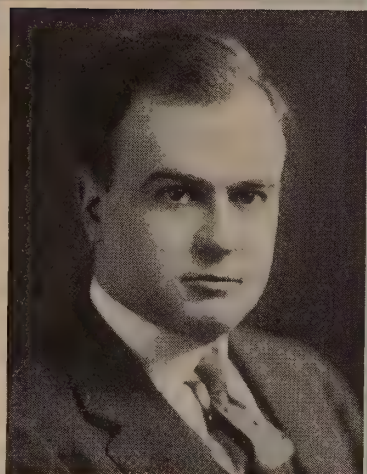
EXECUTING THE IDEAS AND WISHES OF THE DIRECTORS



JOHN D. ZINK
Asst. General Manager



QUENTIN REYNOLDS
Field Organization Manager



HOWARD W. SELBY
General Manager



HARRY L. LANE
Asst. Treasurer



LAWRENCE G. DODGE
Treasurer

PORTRAITS BY BACHRACH

MEMBERSHIP ACTIVELY REPRESENTED BY DIRECTORS

 IN EVERY SECTION there is shown appreciation of the fact that the Exchange is accumulating its working surplus without the need of a costly campaign to sell stock. There is also a keen realization of the fact that an organization of this magnitude must have a substantial reserve in order to guarantee its permanency. After such reserve is established, there will be patronage dividends paid in proportion to the tonnage purchases of the members.

Never before in the history of the Exchange have we enjoyed such active participation by the Board of Directors in the management and general affairs of the organization as during the past year. Meetings have been held regularly every three months and during the interim the Executive Committee have not missed a single monthly meeting. In many instances the Directors have been present at meetings in their respective states to represent the organization and present the story of its work. The Executive Committee in particular have this year sacrificed seventeen days of their time in order to follow through with thoroughness the matters of most vital importance connected with the Exchange business.

The December meeting was held on the train en route to Peoria, where a visit was made to the plant of the American Milling Company. At that point a most helpful conference was held between our Executive Committee members and the Directors of the Milling Company. It has resulted in a much clearer understanding of existing problems on the part of both organizations, and has resulted in a far superior service being rendered to the Exchange. The activity of the Directors has furthered interest on the part of the State Farm Bureau Federations, County Farm Bureaus, and other active agricultural agencies, with the result that today we are enjoying the finest expression of interest and the most active cooperation in our work on the part of these agencies. Indeed, from the very inception of the Exchange, its leadership has come in a large measure from men in the forefront of Farm Bureau work. It is hoped that the next few years may see the two organizations dovetailing still more closely, so that both may benefit from the educational program of the one and the commercial activity of the other, with a greater economy of effort on the part of each.

ORGANIZATION STRONG IN EXECUTIVE PERSONNEL



IN THE ESTABLISHMENT of an organization of this nature, there is one outstanding problem too frequently slighted, which is of vital importance to the future progress of cooperative activity. I refer to the matter of developing managerial ability and leadership on the part of those to whom are entrusted the executive responsibilities of building up the organization, handling its purchases, and executing the policies as prescribed by the Board of Directors and Executive Committee.

We have in the personnel of our executive organization a fine group of capable young men of high type, with the keenest insight and appreciation for the future possibilities of this movement. It is frequently the case in organizations where business is growing at a rate such as in this Exchange, that many costly errors have been incurred before the needed experience is gained. I believe that our errors have been held to a minimum, and that an error once made is seldom repeated. The principle of dealing entirely in the open, of having products which are enshrouded in no secret formulae, of being able to place all of the cards on the table, face up, arouses an enthusiasm and genuine interest on the part of the young men engaged in this work. It affords them opportunity for the quickest and finest type of business development. There is manifest throughout the organization, from the first to the last, a genuine spirit of loyalty to the principles and ideals on which this business is established.

We are finding that with the volume of business now handled it is necessary for one man to devote entire time and consideration to a study of general market conditions. Mr. Zink, in the capacity of Assistant General Manager, will devote his full time to making contacts in the market and to studying and analyzing the fundamental conditions which affect in any wise the market prices of the basic commodities handled in quantity by the Exchange. He will also direct the sales, through Mr. Westberg, who will handle feed and grain; and through Mr. Dickinson, in charge of seeds and fertilizer. Under this same department there will also come the work connected with rendering service and handling complaints, under Mr. Stevens; and matters pertaining to traffic, handled by Mr. Jones. The work of field organization

FIELD MEN IN CONSTANT CONTACT WITH FARMERS



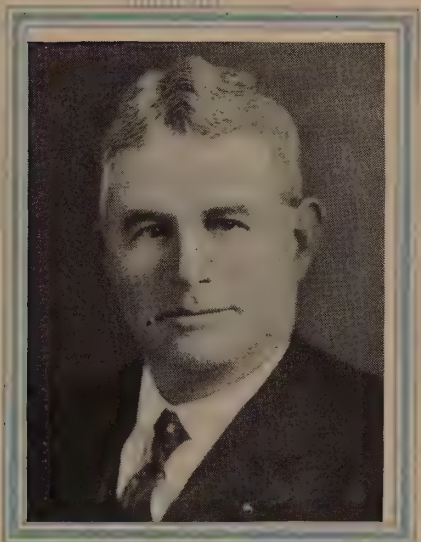
RICHARD B. DODGE
Maine



CLARENCE J. FRINK
Vermont



R. WILTON HARVEY
Massachusetts



FREDERICK S. CHAPMAN
Connecticut & Rhode Island



ROLAND C. HANDY
Delaware

PORTRAITS BY BACHRACH

ADEQUATE MAN-POWER IN EXCHANGE MANAGERSHIP

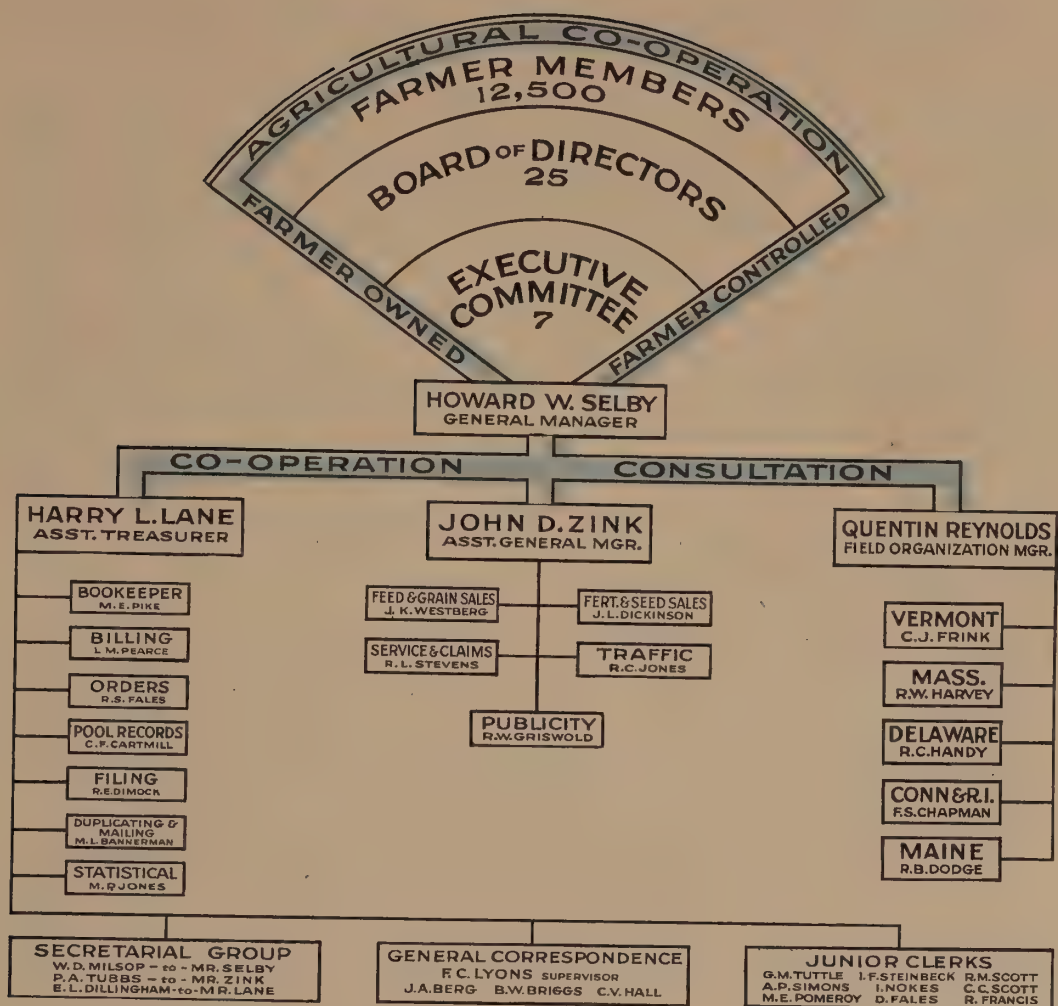
will be directed by Mr. Reynolds, as Field Organization Manager. Functioning under his direction are Mr. Frink in Vermont, Mr. Harvey in Massachusetts, Mr. Handy in Delaware, Mr. Chapman in Connecticut and Rhode Island, and Mr. R. B. Dodge in Maine.



PRIMARILY the purpose of the field work is to promote organization and sales. There are many sections which are not yet organized to function with this Exchange, and it is the duty of these men working in the field to render assistance when requested by the various localities, to help them in effecting the proper form of organization in order that service may be performed through the Exchange system. These men are responsible for the sales made within the territory which they cover. This includes the responsibility of having local agents function properly and intelligently. Many meetings are conducted within the territory each year, attended and addressed by the field representative.

Publicity work will continue under the direction of Mr. Griswold, who is responsible for all matters pertaining to advertising and publicity emanating from the Exchange. It cannot be amiss to speak here of the cooperation freely given Mr. Griswold during the past year, in the shape of editorial attention granted to Exchange news in the columns of the county farm bureau papers and other agricultural publications. Aside from the word-of-mouth publicity spread by Exchange members in their everyday conversation, there is no more efficient nor economical means of advertising than space gained in the reading columns of the farmer's periodicals. Mr. Lane is responsible for the General Office personnel, its methods, equipment, and administration. Mechanical appliances are in operation wherever their use results in a saving. An extremely loyal and efficient personnel of twenty-three persons works under his direction.

Last July we moved from 292 Worthington St., and our annex at 337 Worthington St., to the sixth floor of the Wason Building, at 33 Lyman Street, where 5,600 square feet of floor space is occupied under an arrangement designed to promote the greatest economy of operation. The few necessary partitions are of glass, giving the effect of one large rectangular room, with practically nothing more than desk high. The influence of this arrangement on general morale and its aid in supervision has already demonstrated its success.

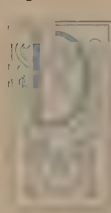


The above chart illustrates the direct responsibility of each unit in the administration of this Exchange, to the ultimate ownership and control of the farmer himself.

IT IS OUR OPINION that the foundation as now laid for this organization can support a business of some four to five times its present magnitude without incurring any great additional expense beyond that already in force. Several additional points should be noted in passing concerning the work of the past year. There was held at Cleveland in June, 1923, a conference called and arranged with authorities representing all of the railroads which handle our feed from the Peoria milling plant to New England destination. Thirty-two representatives were present, representing sixteen railroads. The result was that instead of twenty-seven days being required for shipments from Peoria to New England destinations, as in 1922, the average time was reduced

A PAST OF ACHIEVEMENT; A FUTURE OF PROMISE

to six and a fraction days for the season, beginning September 1st, 1923. This very substantial improvement in service was due to the splendid cooperation made possible by the railroad officials, who have since September first been moving our feed forward in solid trainload shipments. One of the best records held for movement of solid trains was on the Central Vermont Railroad, over which a train was brought from Peoria to St. Albans, the New England gateway, in sixty-eight hours. Another is in the instance of the New York Central Railroad, bringing a train through from Peoria to the West Springfield yards in fifty-eight hours. Such service is the equal of, if not actually superior to, having a mill within the New England border. We now suffer none of the disadvantages and limitations which would be brought upon us by such location.

 DURING this past year a standard set of Poultry Feed Formulae has been adopted, as approved by the poultry feeding authorities of our eastern agricultural colleges. The Eastern States Fitting Ration was formulated in similar manner and included in the feed pool of 1923. The institution of a credit plan in the sale of fertilizers was introduced in the fall of 1923. While it resulted in no great increase in our tonnage of business, at the same time it has helped the farmer by calling to the attention of others engaged in manufacturing fertilizers, the fact that their credit rates were entirely too high. We find competing plans made to meet the situation which has arisen since the Eastern States Farmers' Exchange announced this credit plan of operation.

Closer cooperation has been established with organizations similar to our own, operating in New York State, Michigan, Ohio, Indiana, Pennsylvania, and Maryland. All of these states are using the standard rations which were formulated at the Springfield Conference in May, 1922. The combined tonnage of feed used by these organizations and manufactured according to these formulae, make our Eastern States Rations the most extensively used feeds in the United States.

We look forward into 1924 as a year filled with possibilities far greater than any which have preceded. With the experience of six years behind us, with the added field representation in the various states, with all our territory more intensively covered, with a greatly increased constituency boosting the work of the Exchange, with finances and organization in the best condition ever,—we have every reason to anticipate a volume of between six and eight million dollars in 1924.

Financial Report

*Condensed Balance Sheet of the
Eastern States Farmers' Exchange
December 31, 1923*

ASSETS:

Cash in Bank	\$ 9,605.67
Due from Banks—net Collection on Drafts	13,231.64
Due from State Institutions	3,820.77
Inventory (Feed, Flour & Seeds)	11,742.43
Office Furniture & Fixtures	8,770.03
Deferred Charges	382.66
Total Assets	<u>47,553.20</u>

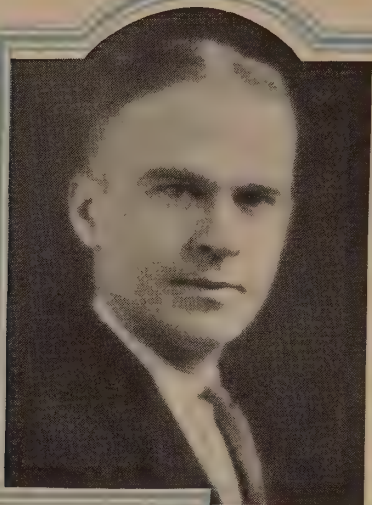
LIABILITIES:

Notes Payable	19,339.44
Accounts Payable	(none)
Reserves & Accruals	1,558.62
Total Liabilities	<u>20,898.06</u>
Surplus	<u>26,655.14</u>
	<u>\$47,553.20</u>

Office of General Manager, Howard W. Selby, who is at left. At right, Lawrence G. Dodge, Treasurer, endorsing the notes of over 11,000 farmer-purchasers who furnished their own signatures as collateral in financing 91,000-ton Feed Pool of 1923.



ASSISTANT MANAGERS HANDLING DEPARTMENTS



JOHN LeR. DICKINSON, Jr.
Fertilizer & Seed Sales



RUSSELL C. JONES
Traffic



JOHN K. WESTBERG
Feed & Grain Sales



RICHARD W. GRISWOLD
Advertising & Publicity



RUFUS LaC. STEVENS
Service & Claims

PORTRAITS BY BACHRACH

The Exchange of the Future



IX YEARS' growth and experience; twelve million dollars' business handled, five million of it the past year; ten thousand carloads of commodities, distributed to twelve thousand active members, at a saving to them of more than a million dollars; savings to their neighbors of perhaps ten millions! A remarkable record, this—and yet only a beginning. All these are as mere foundation stones to the towering structure that yet remains to be built. When one considers that in New England alone there are 144,000 more farmers who have not yet actively participated in the Exchange, no matter how much they have felt its influence about them; that there are scores of new agricultural problems to be met and studied with the same care and thoroughness in which this organization has faced those already solved,—the possibilities in Exchange work seem almost unlimited.

Where will the next few years take the Exchange? It is hard to tell. There will be much further development of territory, new and old, extensively and intensively. There will be thousands of new members, seeking to fill their requirements through this organization. There will be further commodities added to the list at present distributed, as the demand and the occasion warrant. There may be steps taken to market cooperatively the products of farmers who at present can merely purchase their supplies through the Exchange. Marketing was originally intended to be one of its chief functions. Such plans will be revived only after the work of cooperative purchasing is thoroughly organized throughout the eastern states.



A stack of 1608 testimonials received from dairymen on results of feeding Eastern States Dairy Rations during winter of 1922-23. Of these, 99.3% said they were more than satisfied with feeds bought through 1922 Pool; 97.2% voiced a desire to buy again on pool basis in 1923; 35.9% showed interest in new Fitting Ration, and 44.7% in new Egg Mash.

Page Thirty-one





E, the Directors, who have been at all times in closest touch with the personnel and operations of the Eastern States Farmers' Exchange, are convinced that its principles are right. We feel that the Exchange will continue to succeed, in the same measure as the farmers whom it seeks to serve continue to accept and apply through it the truly cooperative ideals on which it is founded. We believe that the Exchange will travel far, so long as it continues to be carried on,—just as it was originated and is now supported,—

"-by the farmer himself-"

OFFICERS OF THE EXCHANGE

ADELBERT A. DUNKLEE, PRESIDENT

S. McLEAN BUCKINGHAM, VICE-PRESIDENT

DANIEL HOWLAND, VICE-PRESIDENT

LAWRENCE G. DODGE, TREASURER

HOWARD W. SELBY, CLERK AND GEN. MANAGER

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Lorenzo E. Baer	Dover, N. H.	A. B. Hough	Lebanon, N. H.
Exec. Com. N. H. Farm Bureau Fed.		Past Pres. Grafton Co. Farm Bureau	
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Pres. Orleans Co. Farmers' Exchange		Vice-Pres. R. I. Farm Bureau Federation	
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Ex-Governor, State of New Hampshire		Pres. Washington County Farmers' Exchange	
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President, Windsor Co. Farmers' Exchange		President, Penobscot Co. Farm Bureau	
John Chandler	Sterling Jct. Mass.	J. D. Reynolds	Middletown, Del.
President, Mass. Farm Bureau Federation		Executive Committee, Del. Farm Bur. Fed.	
C. M. Conant	Winterport, Me.	H. D. Sharpe	Providence, R. I.
Pres. Maine Fruit Growers' Exchange		Vice-President, E. S. League	
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President, Kent County Farm Bureau		Past Master, Conn. State Grange	
A. A. Dunklee	South Vernon, Vt.	F. E. Tatreau	Framingham, Mass.
President, Windham County Farm Bureau		President, Middlesex Co. Farm Bureau	



Eastern States Products

OPEN FORMULA DAIRY RATIONS

Milkmore 24%
Fulfill 20%
Economy 16%
Pasture Ration
Filling Ration
Calf Meal

OPEN FORMULA POULTRY FEEDS

Egg Mash
Scratch Grains
Intermediate Scratch
Chick Grains
Growing Mash
Fattening Mash

Eastern States Fancy Short Patent Flour

FEED AND GRAIN UNDER OTHER BRANDS:

*Horse, Swine, and Wheat Feeds; Corn, Oats, Wheat and Barley;
Whole or Milled Grains and By-Products; Sundries*

NO-FILLER HIGH-GRADE
FERTILIZER MIXTURES FERTILIZER MATERIALS
QUALITY FIELD SEEDS PURE SPRAY MATERIALS

Write for Information

Eastern States Farmers' Exchange

*A non-stock, non-profit organization,
owned and controlled by 12,500 New England farmers*

SPRINGFIELD

MASSACHUSETTS

